

APPENDIX E-302 P

INVENTORY ADJUSTMENT VOUCHERS (IAVs)

1. PURPOSE

This appendix is applicable to chapter 5 and describes the procedures for processing Inventory Adjustment Vouchers (IAVs) resulting from physical inventory (appendix F-16), and Materiel Release Order (MRO) denial processing, and miscellaneous adjustment actions (appendix F-13).

2. APPENDICES USED

- a. Appendix A-76, Error Classification Codes.
- b. Appendix B-8, Materiel Release Denial/Adjustment Document.
- c. Appendix B-26, Physical Inventory Request Document.
- d. Appendix E-255 P, Processing Storage Quality Control Report.
- e. Appendix E-263 P, Preparation of Report of Survey.
- f. Appendix F-13, Inventory Adjustment Voucher Listing (Miscellaneous and MRO Denials).
- g. Appendix F-16, Physical Inventory Adjustment Voucher Listing.
- h. Appendix F-110, Transaction History File Printout.
- i. Appendix F-289, Inventory Adjustments - Mandatory Research.

3. RESPONSIBLE ORGANIZATIONAL ELEMENT

A central point within the Inventory Accounting Branch, Directorate of Supply Operations, will control, review, determine action to be taken, make recommendations to the Accountable Officer and maintain the completed IAV file.

4. PROCEDURES

a. GENERAL

IAVs are prepared to reflect adjustments to the National Inventory Record (NIR) balance file. Adjustments which result in receipt of an IAV are as follows:

(1) Physical inventory, if the quantity counted at a distribution activity is greater/less than the NIR balance on the inventory cutoff day.

(2) Receipt and processing of Materiel Release Order Denial (MRD).

(3) Reversal of an erroneous receipt report.

(4) Discrepancy Report (DD Form 1225) processing actions as identified in appendix E-255 P.

b. INITIAL PROCESSING AND CONTROL

All IAVs prepared at the DSC will be routed to the Inventory Accounting Branch for:

(1) Preparation of DLA Form 433, IAV.

(2) Establishment of internal controls to assure timely completion of processing actions.

c. PREPARATION OF DLA FORM 433

An IAV, DLA Form 433, will be attached to each machine prepared listing of adjustments. The form will reflect the following information as a minimum requirement:

(1) Date Prepared block will reflect the date adjustments processed to the NIR.

(2) Storage Activity block will identify the distribution activity and Routing Identifier Code for physical inventory adjustment listings only. Others will be blank.

(3) Document Number block will contain the document number assigned by the computer to the adjustments listed.

(4) Total Units Adjusted block will reflect the line item count of all adjustments on the listing.

(5) Total Units Over and Total Units Short blocks will report the line item count of inventory increases, Document Identifier Code (DIC) D8\_, and inventory decreases, DIC D9\_ respectively.

(6) Total Dollars Over and Total Dollars Short blocks will show the value of the line items adjusted, increases and decreases respectively.

(7) Remarks block may be used to indicate any pertinent information regarding the adjustments contained in the listing.

(8) Certification block will contain the following statement: I CERTIFY THAT THE ADJUSTMENTS CONTAINED HEREIN REFLECT A TRUE AND ACCURATE PORTRAYAL OF ENTRIES MADE TO THE ACCOUNTABLE RECORDS FOR THE PURPOSE OF ADJUSTING THE STOCK RECORD ACCOUNT. Certification will be accomplished by the Chief, Inventory Section, Inventory Accounting Branch, Directorate of Supply Operations. The Chief, Inventory Section, IAB, DSO, is also responsible for ensuring that the reversal of previously processed inventory adjustments meets the prescribed MILSTRAP criteria identified in subparagraph 4e(4). This responsibility will be accomplished concurrent with certification of the DLA Form 433.

d. SELECTION OF ADJUSTMENTS FOR RESEARCH

In addition to the inventory adjustments output daily that require mandatory research, a sampling at the end of the month of Inventory Category Code E (pilferable) adjustments with a dollar value of \$.01 - \$2500 and a sample of non-ICC E adjustments with a dollar value of \$800.01 - \$16,000 will be output IAW appendix C-17.

e. MANDATORY RESEARCH PROCEDURES

The following actions will be taken during the research process as a minimum effort:

(1) Establish an Item Jacket File for the NSN requiring research, if none exists.

(2) Review the F-110, Transaction History File printout to determine if the adjustment can be related to a specific cause, i.e., assign an Error Classification Code (appendix A-76).

(3) Validate transactions with source documents if possible.

(4) Initiate necessary corrective action, i.e., reversal of incorrect source document input if possible or special inventory. When an inventory adjustment is caused by an erroneous transaction or by incomplete processing of a transaction, such errors should be corrected by a reversal entry and proper processing of the transaction rather than allowing the inventory adjustment to remain or using an "offsetting" adjustment. However, inventory adjustment reversals will not be prepared if (a) the original inventory adjustment transaction was processed one year or more prior to the date the reversal would be processed, (b) an inventory has been completed between the date of the original adjustment and the date the reversal would process, or (c) the inventory adjustment reversal document number does not match the original adjustment document number. Some examples of situations wherein inventory adjustment is considered inappropriate are:

(a) Capitalization of assets followed by MRO denials or inventory gains. If inventory losses are discovered as a result of records reconciliation, the original capitalization quantity should be reversed and reentered correctly to depict the correct assets available for customer support. However, increases detected should be considered as follow-on capitalization. The rules for detection of inventory capitalization errors apply for a period of one year following the original capitalization.

(b) An inventory adjustment (gain or loss) as a result of a previous erroneous inventory adjustment. The original erroneous adjustment should be reversed. (See paragraph 4e(4) above.)

(c) Inventory adjustments (gain/loss) wherein research discloses that a receipt has not been processed or an off-line MRO has not been posted to the accountable record. The original adjustment should be reversed and the proper receipt or MRO transaction processed. (See paragraph 4e(4) above.)

(d) Erroneous receipt quantities processed to the accountable records. The erroneous entry should be reversed and the proper quantity processed. (See paragraph 4e(4) above.)

(e) Local SSP issues that result in a DSC directed MRO denial. The untimely entry should be reversed and the proper entry processed. (See paragraph 4e(4) above.)

(f) MRO denials caused by erroneous receipt quantities or local DSC adjustment (increase) to the accountable record. The erroneous receipt quantities or adjustments should be reversed and the proper entries processed. (See paragraph 4e(4) above.)

(g) Other system problems such as documents not posted, erroneous quantities taken up on the record, duplicate input, and data entry error. The erroneous transactions should be reversed and the proper entries processed. (See paragraph 4e(4) above.)

(5) Annotate results of research action taken and Error Classification Code (appendix A-76) on the F-289, Inventory Adjustments - Mandatory Research Listings, and attach to the monthly Inventory Adjustment Voucher Listings, appendices F-13 and F-16. A summary of Classified Error Conditions (appendix A-76) will also be attached to the IAV.

(6) If research of the F-110, Transaction History File (THF) Printout and related source input documents is not conclusive for indicating the reason for the discrepancy, request the distribution activity to conduct an investigation. Furnish the distribution activity with a copy of all related transactions. When appropriate, unresolved inventory adjustments will require a request to the distribution activity for preparation of a Report of Survey. Complete instructions for the use and distribution of survey report (DD Form 200) are contained in DoD 7200.10-M, DoD Accounting and Reporting of Government Property Lost, Damaged or Destroyed and appendix E-263 P.

(7) File the THF Printouts, copies of correspondence, and all pertinent information relating to the adjustment in the Item Jacket File. Establish appropriate cross-reference data to the applicable IAV listing.

(8) When research of all adjustments pertaining to a particular IAV listing has been completed, forward the IAV to the commander of the DSC or the appointed officer of his staff, to approve or disapprove such adjustments. The accountable property officer or anyone under his jurisdiction may not approve IAVs.

(9) Receive the approved IAV from the approving officer, and file in the completed Inventory Adjustment Voucher File.

## 5. FLOW CHART

Flow chart not required.